



Connecticut's Health Insurance Marketplace

Healthy Nonprofit Chat

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Change Is Here!

Seminar Agenda

- Overview of the Affordable Care Act (ACA)
- An Update on the Connecticut Health Insurance Marketplace
- Office of the Healthcare Advocate – Oversight of Navigators
- Effect of PPACA on Nonprofit Agencies – Small/Large
- Discussion of “Pay or Play” Guidelines for Agencies with more than 50 Full Time Employees
- Questions

Basic Introduction to PPACA

Basic Introduction to PPACA

- **Individuals** must have health insurance or pay a penalty
- **Small employers** are not required to offer health insurance for their employees
- **Larger employers** (50 or more full-time equivalent employees) are not required to offer health insurance to their employees*

* Large employers may face penalties if they don't offer health insurance coverage and any of their full time employees obtain a subsidy on the through the Connecticut Marketplace.

Health Insurance Options Under ACA

Focus of Today's Discussion

Small Business Options



Businesses with fewer than 25 employees (with some limitations) eligible for tax credits to offset cost of insurance



Businesses with 50 or fewer employees now insurance purchasing options via Insurance Marketplaces (SHOP)

Individual/Family Subsidies via Individual Marketplaces



Tax credits to help make individual insurance coverage more affordable under 400% FPL:

- \$15,960 for individuals
- \$78,120 for family of 3



Reduced co-payments and out-of-pocket costs for those making less than 250% FPL:

- \$28,725 for individuals
- \$48,825 for a family of 3

Medicaid

Expand Medicaid program to cover adults up to 133% federal poverty level (FPL)



Individuals:
\$15,281 a year or less



Family of 3:
\$25,975 a year or less

Key Affordable Care Act (ACA) Provisions

- No medical underwriting
- No denial of coverage due to a pre-existing condition
- Minimum medical loss ratio (“MLR”) established
- No more than a 90 day waiting period for new hires
- Minimum coverage requirements (Essential Health Benefits)
- Extensive preventative services provided at no cost
- Elimination of industry and gender rating

State Insurance Marketplace

What is the Health Insurance Marketplace?

- New commercial insurance Marketplace where qualified employers and qualified individuals can shop for private health insurance plans.

Enrollment starts October 1, 2013

Coverage starts as soon as January 1, 2014

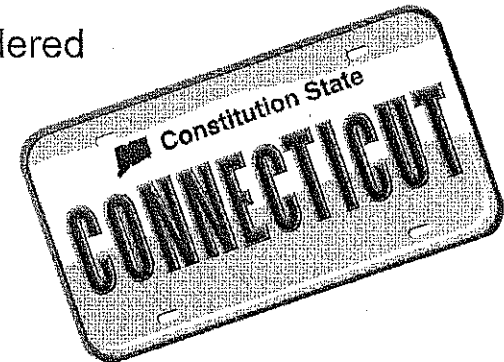
- All consumers will have more choice and selection in health plans; and consumers will have access to insurance affordability programs, if eligible.

Health Plans in the Marketplace

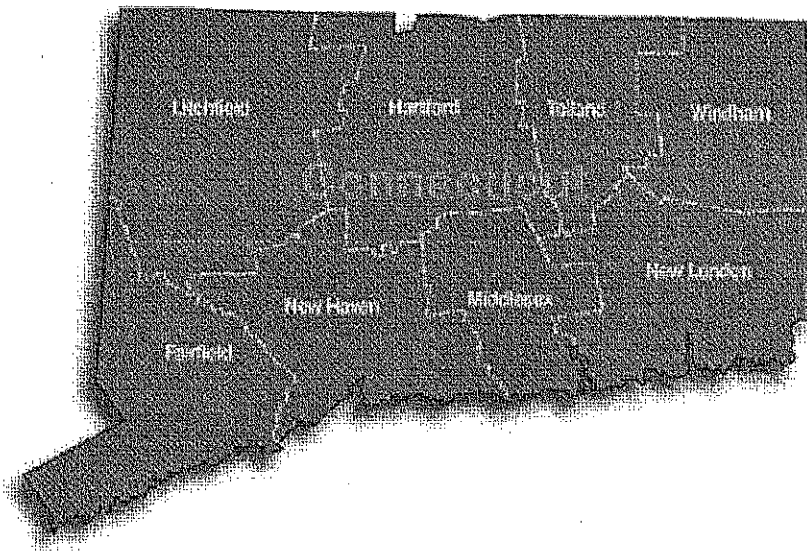
- Health plans will be standardized in 4 coverage tiers based on the percentage of the total allowed cost of benefits paid by a health plan on average:
 - Bronze: Plans cover 60% of the costs
 - Silver: Plans cover 70% of the costs
 - Gold: Plans cover 80% of the costs
 - Platinum: Plans cover 90% of the costs
- A Catastrophic plan will be offer for consumers under the age of 30

Status of Connecticut Marketplace

- **July, 2011**
 - Governor Malloy signs Public Act 11-53, the enabling legislation, which established the Connecticut Health Insurance Exchange
- **February 2013**– Standard Health Plans were initially considered
- **October 1 – 2013 – Open Enrollment to begin** (AHCT begins to function as a marketplace when open enrollment begins)
- **January 1, 2014** Enrollees begin to receive care under their qualified health plan.



A “Snapshot” of Connecticut today



- 9.6% of State Residents are Uninsured
- 334,000 Individuals, Including 60,000 children
- 600,000 Medicaid enrollees, currently
- Medicaid Eligibility Expansion up to 138% of the Federal Poverty Level.
- Projected Medicaid Increase of 100,000 Enrollees
- Expect to Engage 80k-100K residents in state exchange in the first year
 - » Majority newly eligible for subsidies
 - » Approximately 10%-20% will be small business enrollees

Vision and Mission of Access Health CT

- Vision:

To increase the number of insured residents, improve health care quality, lower costs and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give best value.

- Mission:

- Build awareness of the law (ACA) and Access Health CT.
- Educate individuals and businesses how they can benefit from the AHCT
- Reduce the number of the uninsured
- Deliver an exceptional customer experience that is easy, simple and transparent
- Foster long term favorability of AHCT

There will be numerous options to enter into this Marketplace (no “wrong door”)

- Individuals and small businesses can purchase their insurance through any method they feel comfortable with, such as
 - Brokers
 - In Person Assistors
 - Navigators
 - Call Center
 - Web Portal

Individuals

The Big Picture for Individuals

The Affordable Care Act (ACA) is a federal law that *requires* US citizens and legally documented US residents to have health insurance. The law goes into effect as of January 1, 2014.

American Citizens not covered under a government plan will have three options for health insurance in 2014:

1. Get coverage through their **employer** if available
2. Buy an **individual** plan through the marketplace
(Purchaser may be eligible for subsidy)
3. **Go uninsured** (*will pay penalty unless they qualify for an individual exemption*)

Subsidies for Individuals

For exchange plans only

To be eligible, individuals must:

Have incomes between 133% and 400% of federal poverty level (FPL)

Not have access to minimum essential coverage through their employer or have access to coverage, but it is not affordable

Premium credits –

for any level plan

Cost-sharing subsidies –

Silver Plan only

Income ranges for 133% to 400% FPL

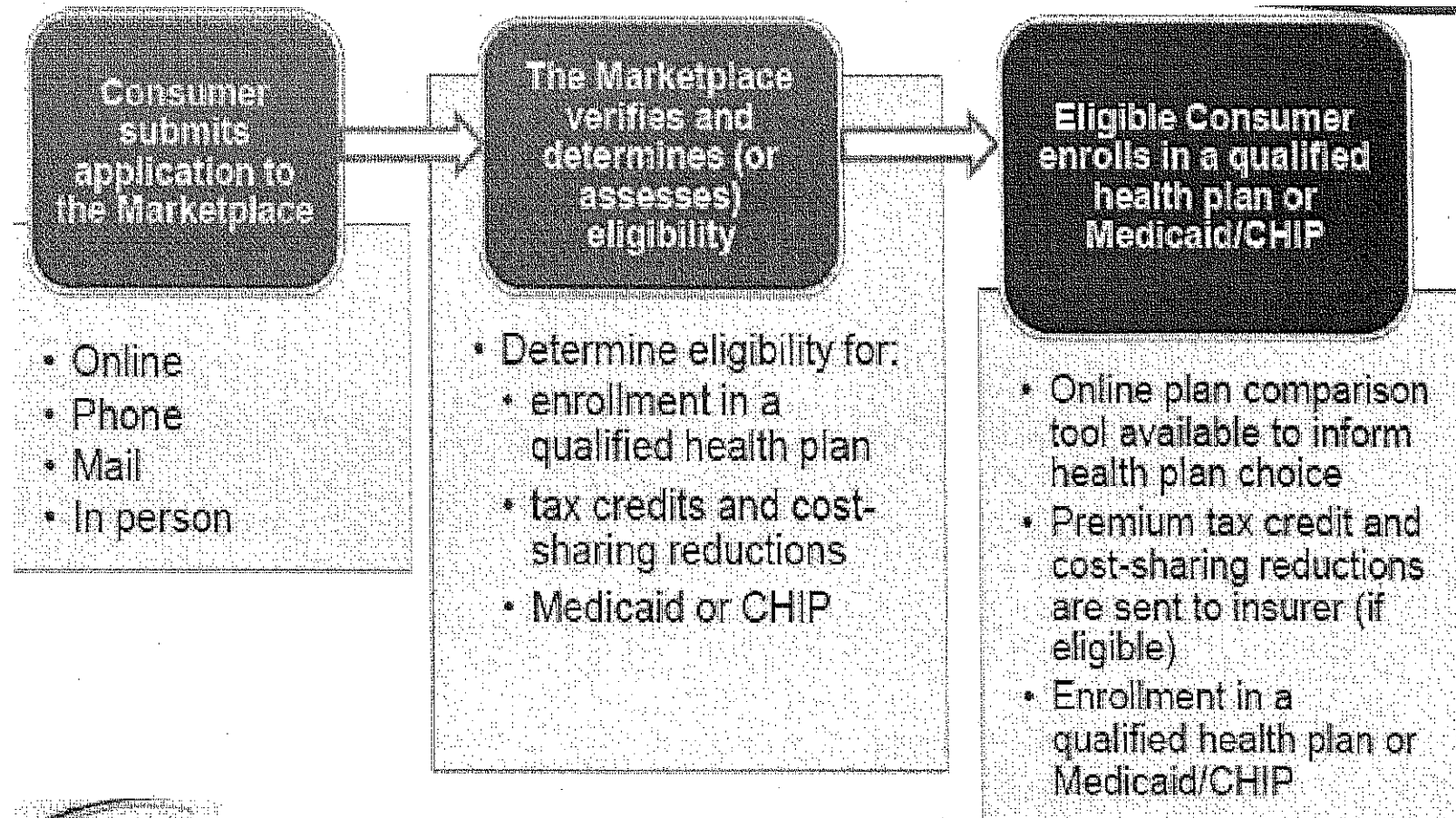
Individual:

\$14,856 to \$44,680

Family of four:

\$30,656 to \$92,200

What is the Enrollment Process for the Individual Market Marketplace?



Commercial Carriers offering QHP on Individual Marketplace

- Aetna
- Anthem Blue Cross
- Connecticare
- HealthyCT

When Can Individuals Enroll?

- First Open Enrollment
 - October 1, 2013 - March 31, 2014
 - Coverage starts January 1, 2014 for plan selections made by December 15, 2013
- Annual Open Enrollment (after first year)
 - October 15 - December 7
 - Coverage begins January 1 of the next year
- Consumers eligible for Medicaid and CHIP can enroll at anytime.

Federal Regulations on Consumer Assistance in State-Based Exchanges

- All Marketplaces must provide consumer assistance
- Outreach and Engagement Efforts
 - Information provided must be in plain language that is readily accessible, culturally and linguistically appropriate to consumers
 - Educate consumers about the Marketplace and about the available subsidies to encourage participation

Office of Healthcare Advocate

Navigator and Assister Program

- Access Health CT created a unique partnership with the Office of the Healthcare Advocate to help individuals access health insurance.
 - Designed to provide support through linguistically and culturally appropriate community engagement initiatives and outreach programs.
 - Trusted community-based organizations help consumers enroll in the health insurance plan that is best for their families.

Navigator and Assister Program

- Team of six Navigators and 300 Assisters
- Enroll Consumers in Medicaid or in a Qualified Health Plan and help them to be informed consumers for the future
- Partnerships with community organizations
- Bring the health coverage marketplace directly to people

Navigators/Assisters Roles

- Six Navigators provide support to the Assister organizations in their respective region:
 - Fairfield County;
 - Hartford County;
 - New London and Middlesex Counties;
 - Litchfield County
 - New Haven County; and
 - Tolland and Windham Counties.
- 300 Assisters from health departments, community organizations, nonprofits, faith-based institutions, and small businesses throughout the state.
 - Receive Federal grant to help their communities access health insurance
 - Individuals have completed background checks, 34 hours of training and received certification
 - Supervised by their organization and the Navigator in their region
 - Educate and empower consumers so they can make informed decisions and self-advocate
 - Assisters do not recommend health insurance plans
 - Engage community leaders and influencers to promote health in all forms
 - Use data and measurable outcomes to improve the system

CONTACT US

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www.AccessHealthCT.com/OutreachPrograms

Navigator and Assister Outreach Programs



Office of the
Healthcare
Advocate
Division of Public Health

access health CT

Connecticut's Health Insurance Marketplace

Employer Notices to Employees

Notice To Employees Of Marketplace Coverage Options

- Employers must provide the applicable Marketplace Notices to Employees of Coverage Options.
- Notices must go to all employees, regardless of their plan enrollment status or whether they are part-time or full-time by October 1, 2013.
- Model Notices are provided by the DOL.
- More information can be obtained at <http://www.dol.gov/ebsa/newsroom/tr13-02.html>

Small Employers

How Will the Marketplace Affect Small Businesses?

- Starting in 2014, a SHOP (**Small Business Health Options Program**) will be available here in CT.
- Starting October 1, plans will be available for review and enrollment for coverage starting as soon as January 1, 2014.
 - Rolling monthly enrollments for employers after January 1

How Will the Marketplace Impact Small Businesses? (cont'd.)

- To enroll, employer must:
 - Have its principal place of business or an employee worksite in a SHOP's service area.
 - o Have less than 49 employees.
 - Have at least 1 eligible employee:
 - o Sole proprietors without other employees may enroll through the individual market Marketplace.

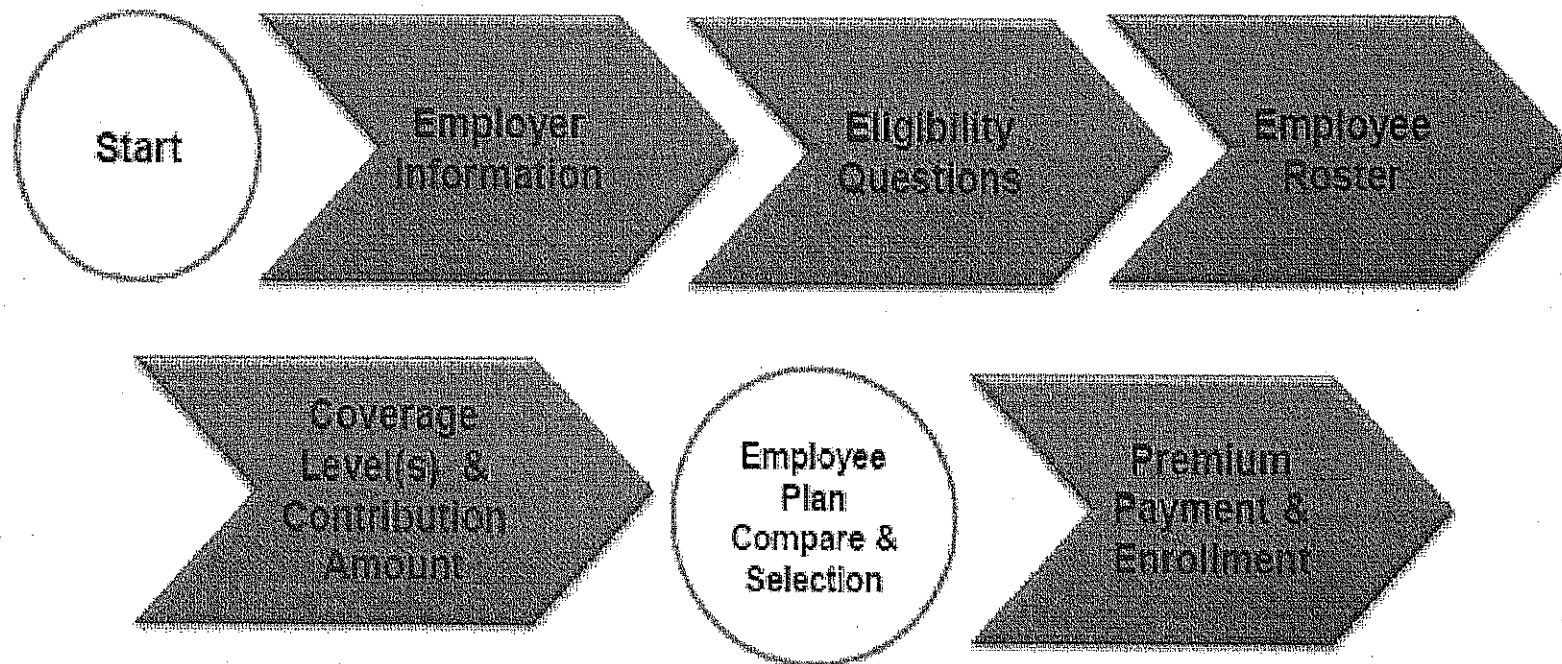
Access Health CT SHOP

- Currently, the following insurance carriers have said they will participate in the SHOP:
 - Anthem
 - Connecticare
 - HealthyCT
 - United Healthcare
- SHOP will have multiple health plan options, including bronze, silver, gold and platinum plans.
- Small Businesses Owners can decide to have their employees purchase vertically, horizontally or use a single choice.

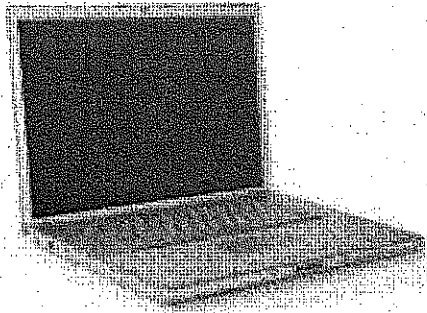
Access Health CT SHOP

- AHCT SHOP will be administered by HealthPass.
- Small businesses will have consolidated billing.
- No Membership Fee will be charged to participate in AHCT SHOP.

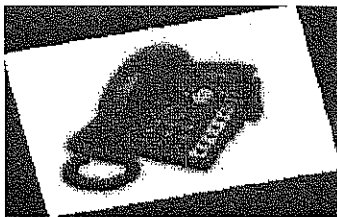
Employer Eligibility and Enrollment Process for SHOP



Customer Support Services for Small Businesses



1) An easy and simple web portal for small businesses and brokers to shop and compare for health insurance



2) Call center for eligibility, selection, and enrollment assistance



3) Brokers still available for customer information and enrollment support

AHCT SHOP continued

- Employers can decide how much to contribute toward premium costs.
- Employers can collect employee share of premiums through payroll deduction.
- Premium contributions can be made with **pre-tax dollars**.
- Tax Credits for Small Businesses and Nonprofits can only be obtained through the Connecticut Health Insurance Marketplace.

Qualifying for the Small Business Tax Credit

- **Contribution to health care coverage**
 - Do you cover at least 50% of the cost of health care coverage for your workers based on the single rate?
- **Firm size**
 - Do you have fewer than 25 Full Time Equivalents (FTEs)
- **Average annual wage**
 - Do you pay average annual wages below \$50,000?
- *Both taxable (for-profit) and tax-exempt organizations qualify*

Small Business Tax Credit maximums 2014

- **Maximum Small Business Tax Credit**
 - Up to 50% of a small business' premium costs in 2014 for two years.
 - Up to 35% for tax-exempt employers (refundable via payroll tax) for two years

How to Determine Tax Credit (2014)

- AHCT SHOP will make a tax credit calculator available
- Seek advise from a Financial Advisor
- National Tax Credit Calculators are publicly available:
 - <http://www.smallbusinessmajority.org/tax-credit-calculator/>
 - <http://www.nfib.com/advocacy/healthcare/credit-calculator>

Small Business Tax Credit : Illustration

Main Street Auto Mechanics

Input	Output
Full Time Employees: 10	$FTEs = 10 + [10,400/2,080] = 15$
Part Time Hours: 10,400	$Wages = \$450,000/15 = \$30,000$
Total Wages: \$450,000	Percentage Credit = ?
Employer Premiums : \$20,000	Tax Credit = ?

Small Business Tax Credit : Illustration

Phase Out Table for 2014 Small Business Tax Credit

Firm size	Average wage					
	Up to \$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000
Up to 10	50%	40%	30%	20%	10%	0%
11	47%	37%	27%	17%	7%	0%
12	43%	33%	23%	13%	3%	0%
13	40%	30%	20%	10%	0%	0%
14	37%	27%	17%	7%	0%	0%
15	33%	23%	13%	3%	0%	0%
16	30%	20%	10%	0%	0%	0%
17	27%	17%	7%	0%	0%	0%
18	23%	13%	3%	0%	0%	0%
19	20%	10%	0%	0%	0%	0%
20	17%	7%	0%	0%	0%	0%
21	13%	3%	0%	0%	0%	0%
22	10%	0%	0%	0%	0%	0%
23	7%	0%	0%	0%	0%	0%
24	3%	0%	0%	0%	0%	0%
25	0%	0%	0%	0%	0%	0%

Source: CRS analysis of PPACA (P.L. 111-148).

Small Business Tax Credit : Illustration

Main Street Auto Mechanics

Input	Output
Full Time Employees: 10	$FTEs = 10 + [10,400/2,080] = 15$
Part Time Hours: 10,400	$Wages = \$450,000/15 = \$30,000$
Wages: \$450,000	Percentage Credit = 23%
Employer Premiums – \$20,000	$Tax\ Credit = \$20,000 * 23\% =$ \$4,600

Large Employers

What are the main coverage requirements for large employers in 2014?

- **Large employers** must offer coverage to their full-time employees and their dependents
- Coverage must be **affordable** and of a **minimum value**
- Employers subject to tax penalties if any employee receives tax credits for Marketplace coverage

Who is Subject to this Penalty?

- Applicable Large Employers
 - 50 or more full-time equivalent employees in preceding year :
 - Full-time = works more than 30 hours a week/130 each month
 - Equivalent employees = Non-full-timers hours/120 each month
 - Add # of full-timers to equivalent employees = # of FTEs

What are the Penalties

Penalty for no coverage - IRC §4980H(a)

- ▶ If a large employer does not offer coverage to their full-time employees and their dependents, employers face a penalty of:
 - ▶ \$2,000 x the total number of full-time employees (FTE) if at least one FTE is receiving a premium assistance tax credit.

Penalty for unaffordable coverage - IRC §4980H(b)

- ▶ If a large employer offers coverage to their full-time employees and their dependents but the coverage is unaffordable to certain employees or does not provide minimum value, employers face a penalty of:
 - ▶ The lesser of \$3,000 x the number of FTEs receiving a premium assistance tax credit or \$2,000 x the total number of FTEs

To determine penalty employers may subtract the first 30 workers.

Unaffordable Coverage Penalty continued

- Coverage will be “unaffordable” if:
 - Employer’s plan share of costs is less than 60% OR
 - Employees required contribution for lowest cost Employee-Only coverage is more than 9.5% of the household income (**W-2 Safe Harbor allows employer to rely on W-2 reported compensation**)

Additional notes on Pay or Play Penalties

- Penalties are tax not deductible
- Margin of Error: The 95% Standard
- Transitional relief:
 - For Dependent Coverage
 - For Non-Calendar Year Plans

What are some the key Large Employer IRS Notices?

- IRS Notice 2012-17
- IRS Notice 2012-58
- IRS Notice 2012-59
- This guidance gives employers a lot of flexibility but it's also very complex and hard to follow.
- Counting employees starts in 2013.

Some Final Points to Consider

- There are no penalties or employer responsibility requirements now, yet most large employers offer coverage today.
- Penalties do not fully offset coverage costs in exchange.
- If employer increases salary to make up for lost benefits, employer FICA tax obligations will also increase; whereas employer-sponsored benefits are excluded from income.
- Employers who offer coverage rarely, if ever have a 100% take-up rate. However, employers who fail to offer coverage pay penalties for 100% of eligible workers.
- If employees choose to remain uninsured rather than seek coverage, increased absenteeism may result.

Questions

Contact Information

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Access Health CT Website :

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